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HOUSE BILL No. 1176

Proposed Changes to January 8, 2026 printing by AM117612

DIGEST OF PROPOSED AMENDMENT

School transportation costs. Requires school corporations and charter schools to notify the department of education (department) of school bus acquisition costs. Requires the department to certify information to the state comptroller. Requires the department to distribute money to school corporations for school bus acquisition and transportation related costs. Makes an appropriation.

A BILL FOR AN ACT to amend the Indiana Code concerning education and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-29.5-18-1, AS ADDED BY P.L.171-2021,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2027]: Sec. 1. For so long as the Band makes payments in
4 accordance with IC 4-29.5-17, the Band shall allocate a portion of the
5 annual payment to provide funding for public **or private** postsecondary
6 and vocational education for Band citizens (the "Pokagon Indiana
7 Education Fund").
8 SECTION 2. IC 4-29.5-18-2, AS ADDED BY P.L.171-2021,
9 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
10 JULY 1, 2027]: Sec. 2. The Pokagon Indiana Education Fund shall be
11 used solely to make payments directly to Indiana public **or private**
12 institutions of higher learning or workforce development and training
13 programs approved by the Indiana Department of Workforce
14 Development for eligible Band citizens for direct costs and expenses,
15 such as tuition, on-campus room and board, and other direct education
16 expenses. To be eligible, a Band citizen must (i) be enrolled in the
17 Band prior to benefitting from any payment, and (ii) meet the education
18 or workforce provider admission requirements. Priority shall be given

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to Band citizens who are legal residents of the State of Indiana as of the date of their application for benefits.

SECTION 3. IC 6-1.1-17-3.1, AS AMENDED BY P.L.136-2024, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3.1. (a) This section:

(1) applies only to an operating referendum tax levy under IC 20-46-1 approved by the voters before January 1, 2023, that is imposed by a school corporation for taxes first due and payable in 2024 and 2025;

(2) does not apply to an operating referendum tax levy under IC 20-46-1:

(A) approved by the voters during a time that the school corporation imposing the levy was designated as a distressed political subdivision; or

(B) approved by the voters after December 31, 2022, and before January 1, 2025, that is imposed by a school corporation for taxes first due and payable in 2024 or 2025; and

(3) does not apply to any other tax year.

(b) As used in this section, "ADM" refers to the school corporation's average daily membership used to determine the state tuition support distribution under IC 20-43. In the case of a school corporation that has entered into an agreement with one (1) or more charter schools to participate as an innovation network charter school under IC 20-25.7-5, the term includes the average daily membership of **students described in IC 20-25.7-5-2(b)(2)** of any innovation network charter school that is treated as a school operated by the school corporation **with regard to students described in IC 20-25.7-5-2(b)(2)** when calculating the total amount of state tuition support to be distributed to the school corporation.

(c) Notwithstanding any increase in the assessed value of property from the previous assessment date, for taxes first due and payable in 2024, the total amount of operating referendum tax that may be levied by a school corporation may not exceed the lesser of:

(1) the maximum operating referendum tax that could have been levied by the school corporation if the maximum referendum rate was imposed for taxes first due and payable in 2023 multiplied by one and three-hundredths (1.03); or

(2) the maximum operating referendum tax that could otherwise be levied by the school corporation for taxes first due and payable in 2024.

The tax rate for an operating referendum tax levy shall be decreased,

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1 if necessary, to comply with this limitation.

2 (d) Notwithstanding any increase in the assessed value of property
3 from the previous assessment date, for taxes first due and payable in
4 2025, the total amount of operating referendum tax that may be levied
5 by a school corporation may not exceed the lesser of the following:

6 (1) The maximum operating referendum tax that could have
7 been levied by the school corporation if the maximum
8 referendum rate was imposed for taxes first due and payable in
9 the immediately preceding calendar year, as adjusted by this
10 section, multiplied by the result determined under STEP SEVEN
11 of the following formula:

12 STEP ONE: Subtract:

13 (i) the school corporation's spring count of ADM made
14 in the calendar year preceding by five (5) years the
15 calendar year in which the property taxes are first due
16 and payable; from

17 (ii) the school corporation's spring count of ADM
18 made in the immediately preceding calendar year.

19 STEP TWO: Divide the STEP ONE result by four (4).

20 STEP THREE: Divide the STEP TWO result by the school
21 corporation's spring count of ADM made in the calendar
22 year preceding by five (5) years the calendar year in which
23 the property taxes are first due and payable.

24 STEP FOUR: Multiply the STEP THREE amount by one
25 and five-tenths (1.5).

26 STEP FIVE: Add the STEP FOUR result and one and
27 six-hundredths (1.06).

28 STEP SIX: Determine the greater of the STEP FIVE result
29 or one and six-hundredths (1.06).

30 STEP SEVEN: Determine the lesser of the STEP SIX result
31 or one and twelve-hundredths (1.12).

32 (2) The maximum operating referendum tax that could otherwise
33 be levied by the school corporation for taxes first due and
34 payable in the current calendar year.

35 The tax rate for an operating referendum tax levy shall be decreased,
36 if necessary, to comply with this limitation.

37 (e) The department of education shall provide to the department
38 of local government finance each school corporation's applicable ADM
39 counts as needed to make the determinations under this section.

40 SECTION 4. IC 20-24-11-5 IS ADDED TO THE INDIANA
41 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
42 [EFFECTIVE JULY 1, 2026]: **Sec. 5. (a) An existing public**



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1 elementary or secondary school may be converted into a charter
2 school if the governing body of the school corporation:

3 (1) votes to convert the school within the school corporation;
4 and

5 (2) submits to an authorizer a proposal described in
6 IC 20-24-3-4 to convert the school within the school
7 corporation to a charter school.

8 (b) The governing body of the school corporation described in
9 subsection (a) may not serve as the authorizer of the charter school
10 converted in accordance with this section.

11 (c) The organizer of a conversion charter school described in
12 this section may be:

13 (1) the school corporation; or

14 (2) a nonprofit corporation that:

15 (A) is established by the school corporation;

16 (B) is incorporated or registered in Indiana;

17 (C) has been recognized by the Internal Revenue Service
18 to be tax exempt and maintains such tax exempt status;
19 and

20 (D) has an independent board whose members have
21 been elected or selected under the organizer's
22 application and that has entered into a contract under
23 this article to operate a charter school.

24 (d) The governing body of a school corporation may convert
25 more than one (1) existing public elementary or secondary school
26 within the school corporation under this section. The school
27 corporation or an organizer that is a nonprofit corporation
28 established by the school corporation under subsection (c)(2) may:

29 (1) submit a separate proposal for each school to an
30 authorizer; or

31 (2) with the approval of the authorizer, operate two (2) or
32 more schools under a single charter, provided that each
33 school site:

34 (A) is identified in the charter application and charter;
35 and

36 (B) is subject to the performance conditions,
37 accountability measures, and renewal determinations
38 established in the charter.

39 (e) A conversion charter school described in this section shall
40 comply with the following:

41 (1) All legal requirements described in section 1(d) of this
42 chapter.



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(2) Except as provided in this section, all requirements for charter schools under this article.

SECTION 5. IC 20-25.7-5-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 1.5. A board may not at the same time both:**

- (1) be an authorizer of a charter school; and
- (2) enter into or have an agreement under this chapter with the charter school.

SECTION 6. IC 20-25.7-5-2, AS AMENDED BY P.L.213-2025, SECTION 169, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 2. (a) The A board may enter into an agreement with an organizer to:**

- (1) reconstitute an eligible school as a participating innovation network charter school; or to
- (2) establish a participating innovation network charter school at a location:

(A) selected by the board; ~~within the boundary of the school corporation. or~~

(B) within the geographic boundaries of any school corporation with which the organizer enters into an agreement under this chapter.

Notwithstanding IC 20-26-7.1, a participating innovation network charter school may be established within a vacant school building.

(b) The terms of the agreement entered into between ~~the a board of a school corporation~~ and an organizer must specify the following:

(1) A statement that the organizer authorizes the department to include the charter school's performance assessment results under IC 20-31-8 **for students who reside within the geographic boundaries of the school corporation** when calculating the school corporation's performance assessment under rules adopted by the state board.

(2) Subject to an administrative fee as described in subsection (g), a statement that the school corporation will distribute at least one hundred percent (100%) of state tuition support dollars that the school corporation receives ~~from student enrollment for students who:~~

(A) reside within the geographic boundaries of the school corporation; and

(B) are enrolled in the participating innovation network charter school;

in accordance with the school funding formula to the

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participating innovation network charter school (if the participating innovation network charter school is, **with regard to students described in this subsection**, treated in the same manner as a school operated by the school corporation under subsection (d)(2)).

(3) The performance goals and accountability metrics agreed upon for the charter school in the charter agreement between the organizer and the authorizer and a statement that the school corporation is prohibited from setting additional performance goals or accountability metrics.

(4) For an agreement entered into or renewed after June 30, 2023, the process the board is required to follow in determining whether to renew the agreement.

(5) The amount of money levied as property taxes that will be distributed by the school corporation to the organizer.

(6) Subject to section 5 of this chapter, the participating innovation network charter school's enrollment and discipline policies, including defined attendance areas and enrollment zones.

(7) A statement that the innovation agreement shall not create an obligation that would cause the organizer to be in violation of its charter agreement (as described in IC 20-24-1-3).

(c) If an organizer and ~~the~~ a board enter into an agreement under subsection (a), the organizer and the board shall notify the department that the agreement has been made under this section within thirty (30) days after the agreement is entered into.

(d) Upon receipt of the notification under subsection (c), for school years starting after the date of the agreement:

(1) the department shall include the participating innovation network charter school's performance assessment results under IC 20-31-8 **for students who reside within the geographic boundaries of the school corporation** when calculating the school corporation's performance assessment under rules adopted by the state board;

(2) the department shall:

(A) treat the participating innovation network charter school in the same manner as a school operated by the school corporation **with regard to students residing within the geographic boundaries of the school corporation** when calculating the total amount of state funding to be distributed to the school corporation unless subsection (e) applies; and

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(B) in determining the school corporation's enrollment, include only eligible pupils enrolled in the participating innovation network charter school who reside within the geographic boundaries of the school corporation.

~~(3) if requested by a participating innovation network charter school that reconstitutes an eligible school, the department may use student growth as the state board's exclusive means to determine the innovation network charter school's category or designation of school improvement under 511 IAC 6.2-10-10 for a period of three (3) years. Beginning with the 2019-2020 school year, the department may not use student growth as the state board's exclusive means to determine an innovation network charter school's category or designation of school improvement. This subdivision expires July 1, 2023.~~

(e) If a participating innovation network school was established before January 1, 2016, and for the current school year has a complexity index that is greater than the complexity index for the school corporation that the innovation network school has contracted with, the innovation network school shall be treated as a charter school for purposes of determining tuition support. This subsection expires June 30, 2027.

(f) If the board or organizer fails to follow the process described in subsection (b)(4), the board or organizer may appeal to the state board. The state board shall hear the appeal in a public meeting and ensure that the board or organizer follows the renewal process specified in the agreement. The board may not terminate an agreement until the board has provided evidence to the state board that the board has complied with the renewal process specified in the agreement. The state board shall issue a decision on an appeal under this subsection not later than sixty (60) days after the date the board or organizer submitted the appeal to the state board.

(g) If an administrative fee is included in an agreement entered into or renewed **under this chapter** after June 30, ~~2023~~, **2026**, under this section, ~~the fee may not exceed one percent (1%) of the total amount of state tuition support that is distributed to the school corporation based on the participating innovation network charter school's student enrollment.~~ **each school corporation with which an organizer of a participating innovation network charter school has entered into an agreement may assess an administrative fee of not more than one percent (1%) of the tuition support dollars that the school corporation receives for students who:**

(1) reside within the geographic boundaries of the school

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corporation; and

(2) are enrolled in the participating innovation network charter school.

(h) An agreement entered into between the board and an organizer under this section may not be altered without written approval from the organizer.

SECTION 7. IC 20-25.7-5-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 2.5. In addition to any state tuition support dollars a participating innovation network charter school receives from a school corporation under this chapter, the department shall treat the participating innovation network charter school as a charter school when calculating the tuition support to be distributed to the innovation network charter school for students of the innovation network charter school who do not reside within the geographic boundaries of a school corporation with which the innovation network charter school has an agreement under this chapter.**

SECTION 8. IC 20-25.7-5-5, AS AMENDED BY P.L.220-2021, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 5. (a) IC 20-24-5-5 (with the exception of IC 20-24-5-5(g)) does not apply to a participating innovation network charter school that enters into an agreement with the board to reconstitute or establish an eligible school.**

(b) Except as provided in subsections (c) and (d), a participating innovation network charter school must enroll any eligible student who submits a timely application for enrollment.

(c) A participating innovation network charter school that reconstitutes or establishes an eligible school may limit new admissions to the participating innovation network charter school to:

(1) ensure that any student with legal settlement in the attendance area, or in ~~the school corporation~~ **any school corporation with which the participating innovation network charter school has entered into an agreement under this chapter** if the school does not have a defined attendance area, may attend the charter school;

(2) ensure that a student who attends the participating innovation network charter school during a school year may continue to attend the charter school in subsequent years;

(3) allow the siblings of a student alumnus or a current student who attends the participating innovation network charter school to attend the charter school;

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(4) allow preschool students who attend a Level 3 or Level 4 Paths to QUALITY program preschool to attend kindergarten at the participating innovation network charter school if the participating innovation network charter school and the school corporation or preschool provider have entered into an agreement to share services or facilities;

(5) allow each student who qualifies for free or reduced price lunch under the national school lunch program to receive preference for admission to the participating innovation network charter school if the preference is specifically provided for in the charter and is approved by the authorizer; and

(6) allow each student who attended a turnaround academy or attends a school that is located in the same school building as the participating innovation network charter school to receive preference for admission to the participating innovation network charter school if the preference is specifically provided for in the participating innovation network charter school's charter and is approved by the authorizer of the participating innovation network charter school.

(d) A participating innovation network charter school with a curriculum that includes study in a foreign country may deny admission to a student if:

(1) the student:

(A) has completed fewer than twenty-two (22) academic credits required for graduation; and

(B) will be in the grade 11 cohort during the school year in which the student seeks to enroll in the participating innovation network charter school; or

(2) the student has been suspended (as defined in IC 20-33-8-7) or expelled (as defined in IC 20-33-8-3) during the twelve (12) months immediately preceding the student's application for enrollment for:

(A) ten (10) or more school days;

(B) a violation under IC 20-33-8-16;

(C) causing physical injury to a student, a school employee, or a visitor to the school; or

(D) a violation of a school corporation's drug or alcohol rules.

For purposes of subdivision (2)(A), student discipline received under IC 20-33-8-25(b)(7) for a violation described in subdivision (2)(B) through (2)(D) must be included in the calculation of the number of school days that a student has been suspended.

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(e) A participating innovation network charter school may give enrollment preferences to children of the participating innovation network charter school's founders, governing board members, and participating innovation network charter school employees, as long as the enrollment preference under this subsection is not given to more than ten percent (10%) of the participating innovation charter school's total population and there is sufficient capacity for a program, class, grade level, or building to ensure that any student with legal settlement in the attendance area may attend the school.

(f) This subsection applies to an existing charter school that enters into an innovation network agreement with ~~the~~ a board. During the charter school's first year of operation as a participating innovation network charter school, the charter school may limit admission to:

- (1) those students who were enrolled in the charter school on the date it entered into the innovation network agreement; and
- (2) siblings of students described in subdivision (1).

(g) This subsection applies if the number of applications for a program, class, grade level, or building exceeds the capacity of the program, class, grade level, or building. If a participating innovation network charter school receives a greater number of applications than there are spaces for students, each timely applicant must be given an equal chance of admission. The participating innovation network charter school that is not in a county containing a consolidated city must determine which of the applicants will be admitted to the participating innovation network charter school or the program, class, grade level, or building by random drawing in a public meeting with each timely applicant limited to one (1) entry in the drawing. However, the participating innovation network charter school located in a county with a consolidated city shall determine which of the applicants will be admitted to the participating innovation network charter school or the program, class, grade level, or building by using a publicly verifiable random selection process.

SECTION 9. IC 20-25.7-5-6, AS ADDED BY P.L.162-2024, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 6. (a) Subject to an administrative fee as described in section 2(g) of this chapter, a school corporation that enters into an agreement with an organizer under this chapter shall distribute at least one hundred percent (100%) of state tuition support dollars that the school corporation receives from ~~student enrollment~~ **students who:**

- (1) reside in the geographic boundaries of the school corporation; and**
- (2) are enrolled in the participating innovation network charter**

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1 school;
2 in accordance with the school funding formula to the participating
3 innovation network charter school.

4 (b) Unless an agreement entered into before July 1, 2024, between
5 a board and an organizer provides otherwise, all participating
6 innovation network charter schools operating under existing
7 agreements with boards as of July 1, 2024, will receive funds as
8 required under subsection (a).

9 [SECTION 10.IC 20-27-15 IS ADDED TO THE INDIANA CODE
10 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
11 JULY 1, 2026]:

12 Chapter 15. State Payment of School Bus Acquisition Costs

13 Sec. 1. This chapter applies to costs incurred by school
14 corporations for transportation of students after December 31,
15 2027.

16 Sec. 2. Notwithstanding any other law, the state shall provide
17 school corporations with the necessary funds to pay costs incurred
18 by school corporations for transportation of students after
19 December 31, 2027, as provided under this chapter.

20 Sec. 3. (a) Except as provided in section 4 of this chapter,
21 beginning January 1, 2028, not later than the 10th day of each
22 month, each school corporation shall provide written notice to the
23 department of the total amount owed in the ensuing month for
24 costs related to school buses, including payment of any debt service
25 related to the acquisition or maintenance of school buses.

26 (b) In the case of a school corporation that does not own or
27 replace school buses, the school corporation shall, not later than
28 January 15, 2028, and not later than each January 15 thereafter,
29 notify the department of the school corporation's arrangements,
30 transportation plan, and related costs.

31 Sec. 4. Not later than forty-eight (48) hours after receiving the
32 notices described in section 3 of this chapter, the department shall
33 certify to the state comptroller:

34 (1) the amounts provided under section 3(a) of this chapter;
35 and

36 (2) if the certification is being provided in January of a
37 calendar year, the number of school corporations that
38 provided the notice described in section 3(b) of this chapter.

39 Sec. 5. Not later than three (3) business days after receiving the
40 notice under section 4 of this chapter, the state comptroller shall
41 issue a warrant to the treasurer of state ordering the distribution
42 from the state general fund to the department of the following



amounts:

(1) The total amount for all school corporations certified under section 3(a) of this chapter.

(2) If the notice was received in January of a calendar year, two hundred fifty thousand dollars (\$250,000) for each school corporation that provided the notice described in section 3(b) of this chapter.

Sec. 6. The department shall distribute to each school corporation from the amounts received from the state comptroller:

(1) not later than the 25th of each month in the case of a school corporation that submitted a notice described in section 3(a) of this chapter, the amount owed by the school corporation in the ensuing month for school bus related costs; and

(2) not later than January 25 of each year in the case of a school corporation described in section 3(b) of this chapter, two hundred fifty thousand dollars (\$250,000) to be used for transportation related expenses.

Sec. 7. There is appropriated from the state general fund in the state fiscal year beginning July 1, 2027, and ending June 30, 2028, and in each state fiscal year thereafter, a sufficient amount to carry out the provisions of this chapter.

] SECTION 1-~~10~~[1]. IC 20-32-6.5-3, AS ADDED BY P.L.180-2025, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) Beginning with the 2026-2027 school year, if a school determines that a student in kindergarten through grade 8 is at risk of not achieving grade level proficiency in mathematics as determined by an analysis of the student's data from:

- (1) a grade level screener approved by the department; or
- (2) a through-year statewide assessment;

the school must provide intervention that meets the requirements under subsection (b).

(b) A school shall provide intervention to a student described in subsection (a) that meets the following conditions:

- (1) The intervention includes a multitiered system of support that progresses from less to more intensive support based on the student's individual needs.
- (2) The intervention is aligned to daily Tier I instruction and standard level learning progressions.
- (3) The intervention is:
 - (A) targeted;

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- 1 (B) differentiated; and
 2 (C) supplemental to Tier I instruction.
 3 (4) The intervention:
 4 (A) is aligned with evidence based instructional strategies
 5 to promote conceptual understanding, procedural fluency,
 6 and real world problem solving; and
 7 (B) allows a student opportunities to interact, show
 8 progress, and demonstrate understanding through rigorous
 9 grade level content.
 10 (5) The intervention includes continual assessment and in depth
 11 analysis of each student's data to inform the flexible movement
 12 in and out of Tiers II and III.
 13 **(c) Not later than fifteen (15) days after a school makes a**
 14 **determination under subsection (a) that a student is at risk, the**
 15 **school shall provide notice to a parent of the student regarding the**
 16 **determination. The notification may contain the following:**
 17 **(1) Specific information about how the student is performing.**
 18 **(2) Information about the intervention the student will**
 19 **receive from the school.**
 20 **(3) A list or description of any recommended resources**
 21 **available for use at home to support the student's academic**
 22 **growth in mathematics.**
 23 **(d) The department shall provide guidance on the multitiered**
 24 **system that a school is required to provide under subsection (b).**
 25 SECTION 1 ~~197~~ 200. IC 20-43-13-4, AS AMENDED BY
 26 P.L.213-2025, SECTION 197, IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) Except as
 28 provided in subsections (c) and (d), the complexity index is the
 29 percentage of the school corporation's students who were receiving
 30 Supplemental Nutrition Assistance Program (SNAP) benefits,
 31 Temporary Assistance for Needy Families (TANF) benefits, or foster
 32 care services as of October 1 in the school year ending in the later of:
 33 (1) 2025; or
 34 (2) the first year of operation of the school corporation.
 35 (b) For a conversion charter school, the percentage determined
 36 under this section is the percentage of the sponsor school corporation.
 37 (c) Except as provided in subsection (d), the complexity index for
 38 a school corporation that has entered into an agreement with one (1) or
 39 more charter schools to participate as an innovation network charter
 40 school under IC 20-25.7-5 for a state fiscal year is equal to the result
 41 using the following formula:
 42 STEP ONE: Determine:

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1 (A) the school corporation's enrollment; minus
 2 (B) the enrollment **of students described in**
 3 **IC 20-25.7-5-2(b)(2)** of each participating innovation
 4 network charter school.
 5 STEP TWO: Determine the number of students in the school
 6 corporation who were receiving Supplemental Nutrition
 7 Assistance Program (SNAP) benefits, Temporary Assistance for
 8 Needy Families (TANF) benefits, or foster care services as of
 9 October 1 in the school year ending in 2025, not including
 10 students enrolled in each participating innovation network
 11 charter school.
 12 STEP THREE: Divide the result of STEP TWO by the result of
 13 STEP ONE.
 14 STEP FOUR: Determine the enrollment **of students described**
 15 **in IC 20-25.7-5-2(b)(2)** of each participating innovation network
 16 charter school.
 17 STEP FIVE: Determine the number of students **described in**
 18 **IC 20-25.7-5-2(b)(2)** in each participating innovation network
 19 charter school who were receiving Supplemental Nutrition
 20 Assistance Program (SNAP) benefits, Temporary Assistance for
 21 Needy Families (TANF) benefits, or foster care services as of
 22 October 1 in the school year ending in the later of:
 23 (A) 2025; or
 24 (B) the first year of operation of the participating innovation
 25 network charter school.
 26 STEP SIX: Divide the result of STEP FIVE by the result of
 27 STEP FOUR.
 28 STEP SEVEN: For each participating innovation network charter
 29 school, determine the greater of:
 30 (A) the result of STEP THREE; or
 31 (B) the result of STEP SIX.
 32 STEP EIGHT: For each participating innovation network charter
 33 school, multiply the result of STEP SEVEN by the result of
 34 STEP FOUR.
 35 STEP NINE: Determine the sum of:
 36 (A) the result of STEP TWO; plus
 37 (B) the results of STEP EIGHT, for each participating
 38 innovation network charter school.
 39 STEP TEN: Determine the sum of:
 40 (A) the result of STEP ONE; plus
 41 (B) the results of STEP FOUR for each participating
 42 innovation network charter school.

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1 STEP ELEVEN: Divide the STEP NINE result by the STEP
2 TEN result.

3 (d) If the complexity index of a participating innovation network
4 charter school that was established before January 1, 2016, is, for the
5 current school year, greater than the complexity index for the school
6 corporation with which the innovation network charter school has
7 contracted, the complexity index of the participating innovation
8 network charter school is determined as described in IC 20-25.7-5-2(e).

9 SECTION 1 ~~↔~~ [3]. IC 20-51-1-5, AS AMENDED BY
10 P.L.162-2024, SECTION 27, IS AMENDED TO READ AS
11 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 5. "Eligible student"
12 refers to an individual who:

- 13 (1) has legal settlement in Indiana;
- 14 (2) is at least four (4) years of age and less than twenty-two (22)
- 15 years of age on October 1 of the applicable school year; **and**
- 16 (3) either has been or is currently enrolled in a participating
- 17 school. **and**
- 18 (4) is a member of a household with an annual income of not
- 19 more than four hundred percent (400%) of the amount required
- 20 for the individual to qualify for the federal free or reduced price
- 21 lunch program.

22 SECTION 1 ~~↔~~ [4]. IC 20-51.4-4-1, AS AMENDED BY
23 P.L.213-2025, SECTION 211, IS AMENDED TO READ AS
24 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) After June 30,
25 2022, a parent of an eligible student or an emancipated eligible student
26 may establish an Indiana education scholarship account for the eligible
27 student by entering into a written agreement with the department on a
28 form prepared by the department. The department shall establish a date
29 by which an application to establish an ESA account for the upcoming
30 school year must be submitted. However, for a school year beginning
31 after July 1, 2022, applications must be submitted for an eligible
32 student not later than September 1 for the immediately following
33 school year. The ESA account of an eligible student shall be made in
34 the name of the eligible student. The department shall make the
35 agreement available on the website of the department. To be eligible,
36 a parent of an eligible student or an emancipated eligible student
37 wishing to participate in the ESA program must agree that:

- 38 (1) subject to subsection (i), a grant deposited in the eligible
- 39 student's ESA account under section 2 of this chapter and any
- 40 interest that may accrue in the ESA account will be used only for
- 41 the eligible student's ESA qualified expenses;
- 42 (2) if the eligible student participates in the CSA program, a

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grant deposited in the eligible student's ESA account under IC 20-51.4-4.5-3 and any interest that may accrue in the ESA account will be used only for the eligible student's ESA qualified expenses;

(3) money in the ESA account when the ESA account is terminated ~~reverts~~ **does not revert** to the state general fund **and remains available to provide grants to eligible students under this chapter;**

(4) the parent of the eligible student or the emancipated eligible student will use part of the money in the ESA account:

(A) for the eligible student's study in the subject of reading, grammar, mathematics, social studies, or science; or

(B) for use in accordance with the eligible student's:

(i) individualized education program;

(ii) service plan developed under 511 IAC 7-34;

(iii) choice special education plan developed under 511 IAC 7-49; or

(iv) plan developed under Section 504 of the federal Rehabilitation Act of 1973, 29 U.S.C. 794;

(5) the eligible student will not be enrolled in a school that receives tuition support under IC 20-43; and

(6) the eligible student will take the statewide summative assessment, as applicable based on the eligible student's grade level, as provided under IC 20-32-5.1, or the assessment specified in the eligible student's:

(A) individualized education program developed under IC 20-35;

(B) service plan developed under 511 IAC 7-34;

(C) choice special education plan developed under 511 IAC 7-49; or

(D) plan developed under Section 504 of the federal Rehabilitation Act of 1973, 29 U.S.C. 794.

(b) A parent of an eligible student may enter into a separate agreement under subsection (a) for each child of the parent. However, not more than one (1) ESA account may be established for each eligible student.

(c) The ESA account must be established under subsection (a) by a parent of an eligible student or an emancipated eligible student for a school year on or before a date established by the department which must be at least thirty (30) days before the fall count day of ADM established under IC 20-43-4-3. A parent of an eligible student or an emancipated eligible student may not enter into an agreement under

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1 this section or maintain an ESA account under this chapter if the
 2 eligible student receives a choice scholarship under IC 20-51-4 for the
 3 same school year. An eligible student may not receive a grant under
 4 section 2 of this chapter if the eligible student is currently included in
 5 a school corporation's ADM count under IC 20-43-4.

6 (d) Except as provided in subsections (e) and (f), an agreement
 7 made under this section is valid for one (1) school year while the
 8 eligible student is in kindergarten through grade 12 and may be
 9 renewed annually. Upon graduation, or receipt of a certificate of
 10 completion under the eligible student's individualized education
 11 program, the eligible student's ESA account is terminated.

12 (e) An agreement entered into under this section terminates
 13 automatically for an eligible student if:

14 (1) the eligible student no longer resides in Indiana while the
 15 eligible student is eligible to receive grants under section 2 of
 16 this chapter; or

17 (2) the ESA account is not renewed within three hundred
 18 ninety-five (395) days after the date the ESA account was either
 19 established or last renewed.

20 If an ESA account is terminated under this section, money in the
 21 eligible student's ESA account, including any interest accrued, ~~reverts~~
 22 **does not revert** to the state general fund **and remains available to**
 23 **provide grants to eligible students under this chapter.**

24 (f) An agreement made under this section for an eligible student
 25 while the eligible student is in kindergarten through grade 12 may be
 26 terminated before the end of the school year if the parent of the eligible
 27 student or the emancipated eligible student notifies the department in
 28 a manner specified by the department.

29 (g) A distribution made to an ESA account under section 2 of this
 30 chapter is considered tax exempt as long as the distribution is used for
 31 an ESA qualified expense. The amount is subtracted from the
 32 definition of adjusted federal gross income under IC 6-3-1-3.5 to the
 33 extent the distribution used for the ESA qualified expense is included
 34 in the taxpayer's adjusted federal gross income under the Internal
 35 Revenue Code.

36 (h) The department shall establish a student test number as
 37 described in IC 20-19-3-9.4 for each eligible student.

38 (i) A student described in IC 20-51.4-2-4(3)(B) may not use the
 39 money deposited into the eligible student's ESA account for ESA
 40 qualified expenses described in IC 20-51.4-2-9(a)(3),
 41 IC 20-51.4-2-9(a)(6), IC 20-51.4-2-9(a)(7), or IC 20-51.4-2-9(a)(9).

42 SECTION 1 ~~4~~ 5. IC 20-51.4-4-2, AS AMENDED BY

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P.L.213-2025, SECTION 212, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) An eligible student who currently maintains an ESA account is entitled to an ESA annual grant amount for each school year until the student graduates or obtains a certificate of completion under the student's individualized education program. An eligible student may not receive a grant under this section after graduating or obtaining a certificate of completion. The ESA annual grant amount shall be paid from the ESA program fund. The department shall deposit the ESA annual grant amount under this section, in quarterly deposits, into an eligible student's ESA account.

(b) Except as provided in subsection (c), at the end of the year in which an ESA account is established, the parent of an eligible student or the emancipated eligible student may roll over for use in a subsequent year a maximum of one thousand dollars (\$1,000). However, for each year thereafter, the parent of the eligible student or the emancipated eligible student may roll over one thousand dollars (\$1,000) plus any amount rolled over in a previous year.

(c) An eligible student's ESA account shall terminate the later of:

(1) the date the student graduates high school; or

(2) July 1 of the year in the year which the student graduates high school.

Any money, including interest that remains in the eligible student's ESA account when it terminates under this subsection ~~reverts~~ **does not revert** to the state general fund **and remains available to provide grants to eligible students under this chapter.**

SECTION 1 ~~IC 20-51.4-4-3~~ **[6]**. IC 20-51.4-4-3, AS AMENDED BY P.L.213-2025, SECTION 213, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) The Indiana education scholarship account program fund is established for the purpose of providing grants to eligible students under the ESA program. Money appropriated to the fund may be used to provide grants under this chapter in the manner prescribed in section 2 of this chapter.

(b) The department shall administer the ESA program fund.

(c) The ESA program fund consists of the following:

(1) Appropriations by the general assembly.

(2) Interest deposited in the ESA program fund under subsection

(d).

(d) The treasurer of state shall invest money in the ESA program fund not currently needed to meet the obligations of the ESA program fund in the same manner as other public money may be invested.

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1 Interest that accrues from these investments shall be deposited in the
2 ESA program fund.

3 (e) Money in the ESA program fund at the end of a state fiscal
4 year ~~reverts~~ **does not revert** to the state general fund **and remains in**
5 **the fund for the purposes of the fund.**

6 SECTION 1 ~~6~~ **[7]**. IC 20-51.4-4-3.5, AS AMENDED BY
7 P.L.213-2025, SECTION 214, IS AMENDED TO READ AS
8 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3.5. (a) The Indiana
9 education scholarship account administration fund is established for the
10 purpose of accepting money for the Indiana education scholarship
11 account program to support administration of the ESA program.

12 (b) The department shall administer the fund.

13 (c) The fund consists of the following:

14 (1) Appropriations by the general assembly.

15 (2) Interest deposited in the fund under subsection (d).

16 (d) The treasurer of state shall invest money in the fund not
17 currently needed to meet the obligations of the fund in the same
18 manner as other public money may be invested. Interest that accrues
19 from these investments shall be deposited in the fund.

20 (e) Money in the fund at the end of a state fiscal year ~~reverts~~ **does**
21 **not revert** to the state general fund **and remains in the fund for the**
22 **purposes of the fund.**

23 SECTION 1 ~~7~~ **[8]**. IC 20-51.4-4.5-1, AS AMENDED BY
24 P.L.213-2025, SECTION 220, IS AMENDED TO READ AS
25 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) After June 30,
26 2023, a parent of a career scholarship student or an emancipated career
27 scholarship student may establish a career scholarship account for the
28 career scholarship student by entering into a written agreement with the
29 department on a form prepared by the department. An application to
30 establish a CSA account, or an application to participate in the CSA
31 program with an ESA account, must be submitted not later than
32 October 1 for the school year. Subject to subsection (f), the CSA
33 account of a career scholarship student must be made in the name of
34 the career scholarship student. The department shall make the
35 agreement available on the website of the department.

36 (b) To be eligible to participate in the CSA program, a parent of
37 a career scholarship student or an emancipated career scholarship
38 student must agree that:

39 (1) a grant deposited in the career scholarship student's CSA
40 account under section 3 of this chapter and any interest that may
41 accrue in the CSA account will be used only for the CSA
42 qualified expenses;

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(2) money in the CSA account when the CSA account is terminated ~~reverts~~ **does not revert** to the state general fund **and remains available to provide grants to career scholarship students under this chapter**; and

(3) the parent of the career scholarship student or the emancipated career scholarship student will use the money in the CSA account for the career scholarship student to attend one (1) or more of the sequences, courses, apprenticeships, or programs of study designated and approved under section 6(a) of this chapter.

(c) A parent of a career scholarship student may enter into a separate agreement under subsection (a) for each child of the parent. However, not more than one (1) CSA account may be established for each career scholarship student.

(d) Except as provided under subsection (f), a CSA account must be established under subsection (a) by a parent of a career scholarship student or an emancipated career scholarship student for a school year not later than thirty (30) days after the date that the department approves an application submitted under subsection (a).

(e) Except as provided in section 2 of this chapter, an agreement made under this section is valid for one (1) school year while the career scholarship student is in grades 10 through 12 and may be renewed annually. Upon graduation, or receipt of:

(1) a certificate of completion under the career scholarship student's individualized education program; or

(2) an Indiana high school equivalency diploma under IC 22-4.1-18;

the career scholarship student's CSA account is terminated.

(f) If:

(1) a parent of a career scholarship student or an emancipated career scholarship student enters into a written agreement with the department on a form under subsection (a); and

(2) the career scholarship student participates in the ESA program under this article;

the parent or emancipated career scholarship student must participate in the CSA program using the student's ESA account instead of establishing a CSA account. However, if the student ceases to participate in the ESA program, the parent of the student or the emancipated student must establish a CSA account to participate in the CSA program.

SECTION 1 ~~<8>~~ [9]. IC 20-51.4-4.5-2, AS AMENDED BY P.L.213-2025, SECTION 221, IS AMENDED TO READ AS

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FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) An agreement entered into under section 1 of this chapter terminates automatically for a career scholarship student if:

- (1) the career scholarship student no longer resides in Indiana while the career scholarship student is eligible to receive grants under section 3 of this chapter; or
- (2) the CSA account is not renewed within three hundred ninety-five (395) days after the date the CSA account was either established or last renewed.

If a CSA account is terminated under this section, money in the career scholarship student's CSA account, including any interest accrued, ~~reverts~~ **does not revert** to the state general fund **and remains available to provide grants to career scholarship students under this chapter.**

(b) An agreement made under section 1 of this chapter for a career scholarship student while the career scholarship student is in grades 10 through 12 may be terminated before the end of the school year if the parent of the career scholarship student or the emancipated career scholarship student notifies the department in a manner specified by the department.

(c) A distribution made to a CSA account or ESA account, as applicable, under section 3 of this chapter is considered tax exempt as long as the distribution is used for:

- (1) a CSA qualified expense; or
- (2) an ESA qualified expense if the career scholarship student is participating in the ESA program.

The amount is subtracted from the definition of "adjusted gross income" under IC 6-3-1-3.5 to the extent the distribution used for the CSA qualified expense or ESA qualified expense, as applicable, is included in the taxpayer's adjusted federal gross income under the Internal Revenue Code.

(d) If a career scholarship student does not have a student test number, the department shall establish a student test number as described in IC 20-19-3-9.4 for the career scholarship student. The department shall provide the department information necessary for the department to comply with this subsection.

SECTION ~~<19>~~[20]. IC 20-51.4-4.5-3, AS AMENDED BY P.L.213-2025, SECTION 222, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) A career scholarship student who currently maintains a CSA account or an ESA account and participates in the CSA program is entitled to an annual grant amount for each school year until the student:

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- 1 (1) graduates; or
 2 (2) obtains:
 3 (A) a certificate of completion under the student's
 4 individualized education program; or
 5 (B) an Indiana high school equivalency diploma under
 6 IC 22-4.1-18.
- 7 (b) A career scholarship student may not receive a grant under this
 8 section after graduating, receiving an Indiana high school equivalency
 9 diploma, or obtaining a certificate of completion. The CSA annual
 10 grant amount shall be paid from the CSA program fund. The
 11 department shall deposit the CSA annual grant amount under this
 12 section, in quarterly deposits, into a career scholarship student's:
 13 (1) CSA account; or
 14 (2) ESA account if the student participates in the ESA program;
 15 in a manner established by the department.
- 16 (c) Except as provided in subsection (d), at the end of the year in
 17 which a CSA account is established, the parent of a career scholarship
 18 student or the emancipated career scholarship student may roll over for
 19 use in a subsequent year a maximum of one thousand dollars (\$1,000).
 20 However, for each year thereafter, the parent of the career scholarship
 21 student or emancipated eligible student may roll over one thousand
 22 dollars (\$1,000) plus any amount rolled over in a previous year.
- 23 (d) A career scholarship student's CSA account shall terminate the
 24 later of:
 25 (1) the date the student graduates high school or obtains an
 26 Indiana high school equivalency diploma; or
 27 (2) July 1 of the year in which the student graduates high school
 28 or obtains an Indiana high school equivalency diploma.
- 29 Any money, including interest that remains in the career scholarship
 30 student's CSA account when it terminates under this subsection, ~~reverts~~
 31 **does not revert** to the state general fund **and remains available to**
 32 **provide grants to career scholarship students under this chapter.**
- 33 SECTION 2 ~~20-51.4-4.5-4~~ [1]. IC 20-51.4-4.5-4, AS AMENDED BY
 34 P.L.213-2025, SECTION 223, IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) The career
 36 scholarship account program fund is established for the purpose of
 37 providing grants to career scholarship students under the CSA program.
 38 (b) The department shall administer the CSA program fund.
 39 (c) The CSA program fund consists of the following:
 40 (1) Appropriations by the general assembly.
 41 (2) Interest deposited in the CSA program fund under subsection
 42 (d).

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1 (d) The treasurer of state shall invest money in the CSA program
2 fund not currently needed to meet the obligations of the CSA program
3 fund in the same manner as other public money may be invested.
4 Interest that accrues from these investments shall be deposited in the
5 CSA program fund.

6 (e) Money in the CSA program fund at the end of a state fiscal
7 year ~~reverts~~ **does not revert** to the state general fund **and remains in**
8 **the fund for the purposes of the fund.**

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